

FISCAL NOTE

Bill #: SB0464

Title: Revise health and safety laws regarding food establishments

Primary Sponsor: Keenan, B.

Status: House Third Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	FY 2004 Difference	FY 2005 Difference
Expenditures:		
State Special Revenue	\$161,925	\$268,200
Revenue:		
General Fund	\$4,050	\$3,750
State Special Revenue	\$161,925	\$268,200
Net Impact on General Fund Balance:	\$4,050	\$3,750

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact
<input type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Technical Concerns
<input type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Needs to be included in HB 2 |
|---|---|

Fiscal Analysis

ASSUMPTIONS:

1. There are 6,565 licensed food establishments in the state. Of these licenses, it is estimated that 500 will have not more than two employees working at any one time. These 500 will not pay the license fee increase in FY 2004 and FY 2005; therefore, 6,065 will pay the increase.
2. Currently, the Department of Public Health and Human Services does not track how many employees are working in an establishment at any given time; therefore, the 500 in the first assumption is an estimate.
3. Current license fees are \$60 per license with an allocation of 85 percent to the local board inspection fund, 7.5 percent to the general fund and 7.5 percent to the state special revenue fund provided for in 50-50-216.
4. Current revenue for issued licenses is \$393,900 (6,565 establishments x \$60 fee = \$393,900).
5. Allocation of current revenues results in \$334,815 to the local board inspection account (\$393,900 x 85 percent = \$334,815); \$29,542 to the general fund (\$393,900 x 7.5 percent = \$29,542); and \$29,542 to the state special revenue account (\$393,900 x 7.5 percent = \$29,542).
6. The 500 licenses that do not pay the fee increase will result in a decrease of 450.00 in FY 2004 and \$750 in FY 2005 for the general fund and the state special revenue account because the fee does not increase and the allocation percentage decreases. These licenses will show an increase in the local board inspection account of \$900 in FY 2004 and \$1,500 in FY2005. This is because of the increase in the allocation percentage.
 - a. Currently

Fiscal Note Request SB0464, House Third Reading

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- i. $500 \times \$60 = \$30,000 \times 7.5\text{percent} = \$2,250$ for general and state special funds
 - ii. $500 \times \$60 = \$30,000 \times 85\text{percent} = \$25,500$ for the local board inspection fund
 - b. FY 2004
 - i. $500 \times \$60 = \$30,000 \times 6\text{percent} = \$1,800 - \$2,250 = (\$450.00)$ general and state special funds
 - ii. $500 \times \$60 = \$30,000 \times 88\text{percent} = \$26,400 - \$25,500 = \900 local board inspection fund
 - c. FY 2005
 - i. $500 \times \$60 = \$30,000 \times 5\text{percent} = \$1,500 - \$2,250 = (\$750.00)$ general and state special funds
 - ii. $500 \times \$60 = \$30,000 \times 90\text{percent} = \$27,000 - \$25,500 = \$1,500$ local board inspection fund
7. It is estimated that there will be approximately 1,000 licenses issued to State or Political Subdivisions of the State. The resulting license fee revenue would be \$75,000 in FY 2004 and \$90,000 in FY 2005. ($1,000 \times \$75 = \$75,000$) ($1,000 \times \$90 = \$90,000$).
8. License collections, excluding State or Political Subdivisions of the State, are estimated to be \$484,875 for FY 2004 ($6,065 \text{ establishments} \times \$75 \text{ fee} = \$454,875 + \$30,000$ for non-increase licenses) and \$575,850 for FY 2005 ($6,065 \text{ establishments} \times \$90 \text{ fee} = \$545,850 + \$30,000$ for non-increase licenses).
9. Estimated revenue collections would be \$559,875 for FY04 ($\$484,875 \text{ license fees} + \$75,000$ for state licenses = \$559,875) and \$665,850 for FY05 ($\$575,850 \text{ license fees} + \$90,000$ state licenses = \$665,850).
10. Allocation of revenues collected would be:
 - a. FY 2004
 - i. Local board inspection \$492,690 ($\$559,875 \text{ total fees} \times 88 \text{ percent} = \$492,690$)
 - ii. General fund \$33,592 ($\$559,875 \text{ total fees} \times 6 \text{ percent} = \$33,592$)
 - iii. State special revenue \$33,592 ($\$559,875 \text{ total fees} \times 6 \text{ percent} = \$33,592$)
 - b. FY 2005
 - i. Local board inspection \$599,265 ($\$665,850 \text{ total fees} \times 90 \text{ percent} = \$599,265$)
 - ii. General fund \$33,292 ($\$665,850 \text{ total fees} \times 5 \text{ percent} = \$33,292$)
 - iii. State special revenue \$33,292 ($\$665,850 \text{ total fees} \times 5 \text{ percent} = \$33,292$)
11. As a result of this bill, there will be increases of \$4,050 in FY 2004 and \$3,750 in FY 2005 to both the general fund and the state special revenue account provided for in 50-50-216 (MCA). There will also be an increase of \$157,875 in FY 2004 and \$264,450 in FY 2005 the local inspection board account.
12. The funds in the local board inspection account are transferred to the local boards based on performance of inspection and compliance services.
13. Increased revenues in the state special revenue account provided for in 50-50-216 (MCA) will be utilized to support existing appropriations within the Food and Consumer Safety section. General fund revenues are deposited in the general fund, and are not spent directly by this program.
14. The changes to the license fees and distribution percentages would require the Department of Public Health and Human Services to perform system modifications which are estimated to cost approximately \$16,000, which will be absorbed within existing resources.

FISCAL IMPACT:

Expenditures:

	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
Operations	\$4,050	\$3,750
Transfers	<u>157,875</u>	<u>264,450</u>
TOTAL	161,925	268,200

Funding of Expenditures:

State Special Revenue (02)	\$161,925	\$268,200
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Fiscal Note Request SB0464, House Third Reading
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Revenues:

General Fund (01)	\$4,050	\$3,750
State Special Revenue (02)	\$161,925	\$268,200

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$4,050	\$3,750
State Special Revenue (02)	\$0	\$0